

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4227
ANSWERED ON:15.12.2000
REGISTRATION AND RENEWAL FEE
RADHA MOHAN SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether the number of merchant bankers have failed to pay registration and renewal fee to SEBI;
- (b) if so, the reasons therefor;
- (c) the amount due from defaulting merchant bankers; and
- (d) the steps taken to recover the dues from merchant bankers?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a) Yes, Sir.

(b) As on March 31, 1996, there were 1163 merchant bankers. Subsequently their number has come down and presently 172 are registered as merchant bankers with SEBI. A large number of merchant bankers discontinued their merchant banking business and in turn defaulted in payment of fees for the following reasons:-

i) Amendment in the SEBI (Merchant Bankers) Rules & Regulations in December 1997 prohibiting merchant bankers from undertaking NBFC activities.

ii) The decline in the number of primary issues during the period 1996-99 resulting in closing of their businesses.

(c) As on 30th November 2000, an amount of Rs. 230.59 lakh was due to SEBI as outstanding registration/renewal fees from merchant bankers.

(d) SEBI issued notices to defaulting merchant bankers for non-payment of fees and simultaneously initiated inquiries against 230 merchant bankers. Pursuant to inquiries, registrations of 6 merchant bankers were cancelled, 59 were suspended and warning letters were issued to 12. As a result of the action taken by SEBI, an amount of Rs. 37.79 lakhs was received during the year 1999-2000 and Rs. 20.41 lakhs during April 1 - November 30, 2000.

Further, while considering the applications for registration of various intermediaries, it is verified that there is no default in payment of registration fees to SEBI by the applicant company, its directors or any of its associates in the past.